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Administrative, financial and institutional matters
Programme budget for the biennium 2016–2017

Proposed programme budget for the biennium 2016–2017

Note by the Executive Secretary

Addendum

Trust Fund for the International Transaction Log

Summary

This document contains the work programme and proposed budget for the international transaction log for the biennium 2016–2017, for consideration by the Subsidiary Body for Implementation at its forty-second session.

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I. Introduction

A. Mandate

1. By decision 11/CMP.3, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) requested the secretariat to establish the Trust Fund for the International Transaction Log (ITL) for the receipt of fees to cover the resource requirements of activities relating to the ITL administrator.

2. The CMP, by decision 13/CMP.8, requested the Executive Secretary to submit, for consideration by the Subsidiary Body for Implementation (SBI) at its forty-second session, a proposed programme budget for the biennium 2016–2017, which includes the budget for the ITL.

3. Furthermore, the CMP requested SBI 42 to recommend a programme budget for adoption by the Conference of the Parties at its twenty-first session and at CMP 11.

B. Scope of the note

4. This document contains the proposed budget for the ITL for the biennium 2016–2017. It details the proposed work programme for the ITL for that biennium and the resources required to implement it.

C. Possible action by the Subsidiary Body for Implementation

5. The SBI is expected to recommend a budget for the ITL and a methodology for the collection of its fees for adoption at CMP 11.

II. Key areas of work

6. The CMP, by decision 13/CMP.1, requested the secretariat to establish and maintain the ITL in order to verify the validity of transactions undertaken by registries established under decisions 3/CMP.1 and 13/CMP.1. In addition, the secretariat was assigned the role of ITL administrator with the responsibility for, inter alia, ensuring the proper functioning of this critical system, which is an essential component of the settlement infrastructure sustaining the transactions of units pertaining to the flexible mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto Protocol.[1]

7. The secretariat, as the ITL administrator, is required to maintain and operate the ITL, the purpose of which is to record and verify the validity of transactions proposed by national registries of Parties to the Convention that are also Parties to the Kyoto Protocol with commitments inscribed in Annex B to the Kyoto Protocol (Annex B Parties) and by the clean development mechanism (CDM) registry. The ITL administrator organizes meetings of the Registry System Administrators Forum (RSA Forum), which aims to enhance cooperation between administrators of registries and to facilitate the implementation of the common operational procedures for registry systems established by the RSA Forum, in accordance with decision 16/CP.10.

[1] Details on the activities of the ITL administrator are contained in its annual report. The latest report is contained in document FCCC/SBI/2014/INF.18.

III. Work programme

8. In the biennium 2016–2017, the focus of activities carried out by the ITL administrator will be on ensuring the continuity and reliability of the operation of registry systems and of the ITL. For that purpose, the ITL administrator plans to carry out the following key activities:

(a) Provide technical services through the ITL to enable Annex B Parties to perform transactions of Kyoto Protocol units;

(b) Verify the validity of transactions performed by national registries to ensure their conformity with the requirements established by the relevant decisions and accurate accounting of assigned amounts under the Kyoto Protocol;

(c) Provide reliable hosting for the ITL and the required technical support to ensure its continuous operation;

(d) Provide support to national registries, the Consolidated System of European Union Registries including the European Union transaction log, the CDM registry, the joint implementation and CDM information systems and the compilation and accounting database in order to maintain their connections and operations with the ITL;

(e) Provide the required upgrades of ITL software and hardware in response to changes in technical requirements and operational procedures, and obsolescence of hardware and software;

(f) Introduce the necessary changes to the functionality of the ITL to operationalize the relevant decisions of the CMP;

(g) Maintain electronic systems to support the analysis and reporting of transaction data and facilitate the annual reporting and review of national registries under Articles 7 and 8 of the Kyoto Protocol;

(h) Facilitate collaboration among the registry system administrators (RSAs) and the execution of common operational procedures established by the RSA Forum in order to ensure that registry systems are accurate, efficient and secure;

(i) In collaboration with RSAs, monitor, evaluate and improve the overall security and operational maturity of registry systems, and elaborate common reference standards in these areas.

IV. Proposed budget

9. The proposed budget reflects the resources required to ensure the continued reliable operation of the ITL. All efforts have been made to keep the requirements to a minimum, as outlined in paragraph 14 below.

10. The table below presents the proposed budget for the biennium 2016–2017 and compares it with the approved budgets for the biennia 2012–2013 and 2014–2015.

Proposed budget for the international transaction log for 2016–2017 by object of expenditure
(EUR)

Object of expenditure	*2012–2013*	*2014–2015*	*2016–2017*
Staff costs	1 399 632	1 447 460	1 547 420
Temporary assistance and overtime	69 936	20 000	20 000
Consultants	131 830	131 830	124 250
Contractors	3 163 898	2 900 976	2 698 046
Travel of staff	35 016	50 000	40 000
Experts and expert groups	35 496	20 000	20 000
Training	–	20 000	20 000
General operating expenses	108 576	104 000	104 000
Contributions to common services	166 608	167 000	167 000
Subtotal	**5 110 992**	**4 861 226**	**4 740 716**
Programme support costs	664 428	631 964	616 294
Adjustment to working capital reserve	(5 400)	(11 710)	(5 654)[a]
Total	**5 770 020**	**5 478 520**	**5 351 356**

[a] In accordance with decision 17/CMP.7, paragraph 6, the working capital reserve has been established at 8.3 per cent of estimated expenditure for one year. The current working capital reserve is EUR 227,970 and the working capital reserve for the biennium 2016–2017 amounts to EUR 222,316, a decrease of EUR 5,654.

11. The proposed budget contains provisions to obtain consulting, legal and procurement support in order to enable an international competitive procurement process for contracts of vendors sustaining the work of the secretariat on the ITL. Following the completion of this procurement process, planning for migration of the ITL service, including application, hardware and network infrastructure along with the ITL service desk and systems support, will be considered. The budget for these activities, as well the indexation applied by some contractors on existing contracts, have been included in the budget line for contractors.

12. Resource requirements for travel include staff travel related to site visits to prospective bidders in support of the procurement process for contracts of ITL vendors.

13. The training budget is maintained at the same level to ensure continuity of training in the biennium 2016–2017. To that end, within the framework of the RSA Forum, the secretariat will continue offering online and classroom training and material to RSAs on the general functioning of registry systems, the interoperability between registries and the ITL, and other relevant knowledge areas.

14. The ITL administrator will continue to apply the following measures to keep the resource requirements of the ITL in the biennium 2016–2017 to a minimum:

(a) Engaging RSAs in the centralized annual review of national registries, thereby avoiding the cost of consultants and minimizing travel costs;

(b) Monitoring and analysing incidents in registry systems and reviewing the technical standards for data exchange between registry systems under the Kyoto Protocol with a view to further reducing the number of such incidents and the related costs for the ITL service desk;

(c) Continuing to use secretariat staff instead of more expensive consultants, where possible.

15. The proposed budget assumes that no major changes to the data exchange standards and/or the common operational procedures and/or the ITL support systems will take place during the biennium.

V. Methodology for the collection of international transaction log fees

16. The methodology for the collection of ITL fees in the biennium 2014–2015 was adopted by decision 8/CMP.8. SBI 42 is expected to recommend a methodology for the collection of ITL fees for adoption at CMP 11.